

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 PM-04 INR-07 L-03
ACDA-07 NSAE-00 PA-01 SS-15 PRS-01 SP-02 TRSE-00
NSC-05 INRE-00 SSO-00 NSCE-00 USIE-00 ABF-01
OMB-01 EB-08 MC-02 AID-05 IGA-02 /077 W
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O 131658Z APR 77
FM AMEMBASSY COPENHAGEN
TO SECSTATE WASHDC IMMEDIATE 4262
SECDEF WASHDC IMMEDIATE
INFO AMEMBASSY BRUSSELS IMMEDIATE
AMEMBASSY THE HAGUE IMMEDIATE
AMEMBASSY OSLO IMMEDIATE
AFSC ANDREWS AFB MD IMMEDIATE
ASD WRIGHT PATTERSON AFB OH
F-16 CASEUR BRUSSELS
USCINCEUR VAIHINGEN GE IMMEDIATE

C O N F I D E N T I A L COPENHAGEN 2142

OSAF FOR MR. KEEGAN
ASD FOR GEN ABRAHAMSON

E.O. 11652: GDS
TAGS: MILI, MASSN MPLL, DA
SUBJECT: F16 AGONIES: A SYNTHESIS OF WHERE WE ARE

REFS: (A) COPENHAGEN 2013 DTG 061100Z APR 77,
(B) STATE 79759 DTG 08233Z APR 77

SUMMARY: RECENT PRESS CRITICISM OF THE F-16, PARTICULARLY
BASED ON THE GAO REPORT, HAS COMPLICATED AND APPARENTLY
STRETCHED OUT THE PARLIAMENTARY PRODEDURES REQUIRED
BEFORE THE DANES CAN SIGN THE LETTER OF OFFER AND
ACCEPTANCE (LOA). IN ADDITION TO CERTAIN AUTHORIZA-
TIONS NEEDED FROM THE FOLKETING FINANCE COMMITTEE,
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THE PRESENT STATUS OF THE F-16 PROGRAM WILL BE THE
SUBJECT OF A GENERAL PARLIAMENTARY DEBATE. DEFENSE
MINISTER ORLA MOLLER HAS TOLD THE AMBASSADOR THAT
IT WILL NOT BE PRACTICALLY POSSIBLE TO COMPLETE ALL
THESE STEPS BEFORE MAY 2 AND THAT ABOUT AN ADDITIONAL
WEEK WILL BE NEEDED. WE CONCUR IN MOLLER'S ASSESSMENT
THAT THESE HURDLES WILL BE SUCCESSFULLY SURMOUNTED

AND, IN THE CIRCUMSTANCES, RELUCTANTLY BUT STRONGLY
SUPPORT A SHORT ADDITIONAL EXTENSION OF THE LOA
FOR DENMARK. END SUMMARY.

1. OVER THE LAST WEEK THE DANISH MEDIA HAVE GIVEN
EXTENSIVE PLAY TO PROBLEMS ASSOCIATED WITH DENMARK'S
PARTICIPATION IN THE F-16 PROGRAM. PRESS INTEREST
FIRST CONCENTRATED ON NEEDED REMAINING PARLIAMENTARY
TACTICS BEFORE THE LOA IS SIGNED. IT THEN SHIFTED
TO PRESS REPORTS, PARTICULARLY THOSE CARRIED VIA
REUTERS AND AP, OF GAO CRITICISM OF THE F-16 PROGRAM.
IN THE BACKGROUND, EXPRESSIONS OF DISSATISFACTION
WITH DENMARK'S OFFSET SHARE CONTINUED.

2. PARLIAMENTARY TACTICS: THERE HAVE BEEN
CONSIDERABLE SPECULATION AND DISAGREEMENT OVER WHAT
EXACTLY THE GOVERNMENT MUST OBTAIN FROM THE
FOLKETING IN ORDER TO PROCEED WITH THE SIGNATURE OF
THE LOA. PART OF THIS PROBLEM CONCERNED HOW DENMARK
WILL HANDLE THE DIFFERENCE BETWEEN THE 1975
PARLIAMENTARY AUTHORIZATION TO BUY THE AIRCRAFT AT
THE MOST PROBABLE PRICE AND THE ULTIMATE DELIVERY
COST WHICH WILL APPROACH THE NOT-TO-EXCEED PRICE.
OVER A NUMBER OF MONTHS, WE
HAVE HEARD WIDELY DIFFERENT INTERPRETATIONS OF HOW
THIS DISPARITY IN FUNDING AUTHORIZATION WOULD BE
HANDLED, AND IT MAY WELL BE THAT THE TACTICS
ULTIMATELY ADOPTED BY MOLLER WERE FASHIONED TO FIT
PERCEIVED POLITICAL NEEDS OF THE MOMENT.
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3. THE AMBASSADOR DISCUSSED THIS MATTER, AND
F-16 QUESTIONS IN GENERAL, WITH MOLLER THIS
MORNING, APRIL 13. MOLLER REPLIED THAT HE IS TODAY
ASKING THE FOLKETING FINANCE COMMITTEE FOR TWO
THINGS: THE FIRST TO BRIDGE THE FUNDING GAP BY
APPROVING A TEN PERCENT INCREASE (DK 250 MILLION)
IN THE AMOUNT ORIGINALLY AUTHORIZED FOR THE AIRCRAFT
PURCHASE. THIS TEN PERCENT WOULD BE OVER AND ABOVE
INCREASES DUE TO INFLATION AND REPRESENTS, ESSENTIALLY,
COSTS ASSOCIATED WITH THE AIRCRAFT THAT WERE NOT
INCLUDED IN THE ORIGINAL PACKAGE. INFLATIONARY
COSTS THEMSELVES WILL BE OFFSET THROUGH THE
ADJUSTMENT DEVICE PROVIDED IN THE DANISH DEFENSE
AGREEMENT. SECONDLY, MOLLER WILL ASK THE FINANCE
COMMITTEE FOR SPECIFIC AUTHORIZATION TO SIGN THE
LOA. UNDER PRESENT CIRCUMSTANCES, HOWEVER,
(SEE PARA 4), SUCH AUTHORIZATION CANNOT BE GIVEN
UNTIL RENEWED APPROVAL OF THE F-16 PROGRAM IS

OBTAINED FROM THE FULL PARLIAMENT.

4. APPARENTLY, ONLY FINANCE COMMITTEE ACTION WAS DEEMED NECESSARY BY MOLLER BEFORE THE PUBLICATION HERE OF WIRE-SERVICE COVERAGE OF THE GAOF-16 REPORT. AS WE HAVE NOTED IN OTHER MESSAGES, DANISH PRESS PLAY HAS FOCUSED ON THE GAO'S CRITICISM OF THE F-16 AND OMITTED MENTION OF THE DECISION BY THE USAF TO DOUBLE ITS ORIGINALLY PLANNED PROCUREMENT. THE GAO REPORT HAS EXPECTEDLY BEEN SEIZED UPON AND EXPLOITED BY THE LONG-TIME FOES OF THE AIRCRAFT'S PROCURMENT (THE THREE PARTIES OF THE FAR LEFT AND THE RADICAL PARTY). MOLLER AND HIS RULING SOCIAL DEMOCRATIC COLLEAGUES HAVE JUDGED THAT THE CONSQUENT CONTROVERSY PROVOKED BY THE PUBLICITY HAS CREATED THE NEED FOR AFULL-SCALE PARLIAMENTARY DISCUSSION OF THE QUESTION IN

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ORDER TO CLEAR THE AIR. THIS DISCUSSION WILL BE KICKED OFF BY MOLLER'S SUBMISSION, PROBABLY ON FRIDAY, APRIL 15, TO THE FOLKETING OF A COMPREHENSIVE WRITTEN STATEMENT COVERING THE PRESENT STATUS OF THE PROGRAM.

THIS STATEMENT WILL INCLUDE REFERENCES TO WASHINGTON REACTION TO THE FIRST GAO REPORT (REF B) AS WELL AS A CLARIFICATION BY THE GAO WHICH, WE UNDERSTAND, WAS ISSUED YESTERDAY. IN RESPONSE TO URGING BY THE AMBASSADOR, MOLLER HAS PROMISED THAT A CLARIFICATION WILL BE INCLUDED IN HIS PARLIAMENTARY STATEMENT CONCERNING THE CONTENTIOUS "58 PERCENT QUESTION." (COMMENT: OVER THE LAST WEEKS, WHEN EXPRESSION CONCERN OVER THE DANISH "SHORT FALL" FROM AN OFFSET "COMMITMENT" OF 58 PERCENT, DANISH MEDIA HAVE INSISTED THAT SUCH A COMMITMENT WAS MADE TO DENMARK ITSELF AND NOT ONLY TO THE CONSORTIUM AS A WHOLE.) FURTHERMORE, MOLLER WILL EXPRESS HIS CONFIDENCE THAT DENMARK'S SHARE OF THE OFFSET WILL, IN DUE TIME, "APPROACH" 58 PERCENT.

6. MOLLER INSISTED TO THE AMBASSADOR THAT THE REQUIRED PARLIAMENTARY MOVES DESCRIBED ABOVE CANNOT BE COMPLETED BEFORE THE EXPIRATION OF THE PRESENT EXTENSION OF THE LOA ON MAY 2 AND THAT THE DANES WILL NEED "A FEW MORE DAYS", PERHAPS UNTIL MAY 10. MOLLER IS IN THE PROCESS OF ADVISING HIS COUNTERPARTS IN THE OTHER EUROPEAN GOVERNMENTS OF THIS. HE, AND PARLIAMENTARIANS IN OTHER DANISH PARTIES WHICH SUPPORT THE F-16 PURCHASE, HAVE BEEN ADVISED

BY EMBOFFS THAT ANY EXTENSION WILL CAUSE THE USG
SERIOUS PROBLEMS BUT MOLLER REPLIED, IN EFFECT, THAT
HIS REQUEST WOULD NOT HAVE BEEN NECESSARY IF THE
UPROAR OVER THE GAO REPORT HAD NOT OCCURRED.

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7. MOLLER HAS REITERATED TO THE AMBASSADOR HIS
FIRM BELIEF THAT THE REMAINING PARLIAMENTARY OBSTACLES
TO ALLOW DENMARK TO PROCEED WITH THE F-16 PROGRAM
WILL BE SUCCESSFULLY HURDLED AND THAT THE DANES
WILL IN FACT SIGN THE LOA IN EARLY MAY.

8. COMMENT: WE AGREE WITH MOLLER'S ASSESSMENT
SET OUT IN THE PREVIOUS PARA. IT IS OUR IMPRESION
THAT THE OTHER MEMBERS OF THE EUROPEAN CONSORTIUM
WILL BE ABLE TO SIGN THE LOA BEFORE MAY 2 AND --
KNOWING OF THE LEGAL PROBLEMS INVOLVED -- MAY
BE RELUCTANT TO SUPPORT A DANISH REQUEST FOR
ANOTHER EXTENSION. IF SUCH A REQUEST IS FORMALLY
MADE, HOWEVER, WE WOULD STRONGLY, IF RELUCTANTLY,
RECOMMEND USG CONCURRENCE IN ORDER TO HELP THE
DANES COMPLETE THE REMAINING PARLIAMENTARY
PROCEDURES BEFORE FINAL COMMITMENT VIA THE LOA.
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